

CITY OF ONSLOW

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2012

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City of Onslow

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before Jan 2012)		
Dean Holerud	Mayor	Jan 2012
Curtis Thornhill	Council Member	Jan 2012
Betty Jordan	Council Member	Jan 2012
Russ Benke	Council Member	Jan 2012
Darrell West	Council Member	Jan 2014
Raven Ricketts	Council Member	Jan 2014
Ginger Thomas	Clerk	
Jay Willems	Attorney	

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(After Jan 2012)		
Curtis Thornhill	Mayor	Jan 2014
Raven Ricketts	Council Member	Jan 2014
Darrell West (Resigned Feb 2012)	Council Member	Jan 2014
Ken Harms (Appointed Feb 2012)	Council Member	
Russ Benke	Council Member	Jan 2016
Betty Jordan	Council Member	Jan 2016
Mike Streeper	Council Member	Jan 2016
Ginger Thomas	Clerk	
Jay Willems	Attorney	

City of Onslow



Donald A. Weber, C.P.A.
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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Onslow, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Onslow's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Also, as permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2011.

The financial statements do not include financial data for a legally separate component unit of the City. U.S. generally accepted accounting principles require the financial data for this component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The receipts, disbursements and cash balance of the omitted component unit that should be blended with the governmental activities and aggregate remaining fund information are not included because the component unit, as described in Note 1, declined to make the financial data available to the City.

In our opinion, because of the effects of omitting a blended component unit, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly the respective cash basis financial position of the governmental activities and the aggregate remaining

fund information of the City of Onslow as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Further, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2011, as discussed above, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the the business type activities, each major fund and the remaining fund information of the City of Onslow as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated October 8, 2013 on our consideration of the City of Onslow's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onslow's basic financial statements. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2011 and the effects of omitting a blended component unit, as discussed above, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onslow's basic financial statements. Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 10 and 28 through 29 are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

October 8, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Onslow provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax funds most of these activities. Public Works includes street funds. Culture and recreation includes the community room.
- Business Type Activities include the water and sewer systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water system and sewer system. These funds are considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities was \$ 148,182 income and \$167,472 expenses. The analysis that follows focuses on the balances for activities.

Cash Basis Net Assets (Expressed in Thousands)			
Cash Basis Net Assets (Expressed in Thousands)	Governmental activities	Business-type activities	Total
	<u>2012</u>	<u>2012</u>	<u>2012</u>
Revenues:			
Program revenues:			
Charges for services	15	35	50
Operating grants, Contributions, and Restricted Interest	26		26
General revenues:			
Property tax	37		37
Local Option Sales tax	14		14
Loan Proceeds	14		14
Other	7		7
	Total revenues	35	148
	113		
Expenses:			
Public Safety	11		11
Public Works	58		58
Health and Social Services	0		0
Culture and Recreation	3		3
Community and Economic Development	14		14
Capital Projects	0		0
General government	31		31
Debt Service	0		0
Sewer		16	16
Water		34	34
	Total expenses	50	167
	117		

The City's receipts for governmental activities include \$40,595 which is \$8,717 for fire services and \$14,746 for garbage services; and \$15,35,76 for Road Use Tax received; and \$1,775 for interest and licenses. The cost of all governmental activities this year was \$117,096. The General fund, supported by tax dollars, pays for police protection, fire protection, EMS, insurance, Library and general operating expenses. Total business type activities receipts for the fiscal year were \$35,431 to include \$21,457 for water and \$13,974 for sewer.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 14, 2012 and resulted in an increase in operating disbursements related to the water tower

under Public Works and increase in disbursements of General Government for additional legal, insurance, and election expenses.

DEBT ADMINISTRATION

At June 30, 2012, the City had \$8,450 of debt, incurred from a \$13,500 loan for a maintenance truck taken out on October 31, 2011.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Onslow's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that will be charged for various City activities. One of those factors is the population. The City's population has declined to 196 people according to the 2010 census.

Budgeted disbursements are expected to increase for FY2013 due to future sewer project.

The City's tax levy for FY 2013 is \$11.94103 per \$1,000 of taxable valuation.

If these estimates are realized, the City's budgeted cash balance is expected to decrease by the close of 2013.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ginger Thomas City Clerk, PO BOX 25 Onslow, Iowa.

City of Onslow

Basic Financial Statements

City of Onslow

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2012

Functions / Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 10,950	-	8,717	-
Public works	57,751	14,746	15,357	-
Health and social services	150	-	-	-
Culture and recreation	3,438	-	-	-
Community and economic development	13,900	-	-	-
General government	30,907	-	1,775	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total governmental activities	117,096	14,746	25,849	-
Business type activities:				
Sewer	16,387	13,974	-	-
Water	33,989	21,057	-	-
Water Deposits	-	400	-	-
Total business type activities	50,376	35,431	-	-
Total	\$ 167,472	50,177	25,849	-

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
Local option sales tax
Unrestricted interest on investments
Loan Proceeds
Miscellaneous
Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:
 Nonexpendable:
 Trust fund
 Expendable:
 Urban Renewal purposes
 Debt service
 Streets
 Other purposes
Committed
Assigned
Unrestricted

Total cash basis net assets

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(2,233)	-	(2,233)
(27,648)	-	(27,648)
(150)	-	(150)
(3,438)	-	(3,438)
(13,900)	-	(13,900)
(29,132)	-	(29,132)
-	-	-
-	-	-
(76,501)	-	(76,501)
-	(2,413)	(2,413)
-	(12,932)	(12,932)
-	400	400
-	(14,945)	(14,945)
(76,501)	(14,945)	(91,446)
37,461	-	37,461
-	-	-
-	-	-
13,766	-	13,766
-	-	-
13,500	-	13,500
7,430	-	7,430
-	-	-
72,157	-	72,157
(4,344)	(14,945)	(19,289)
38,590	23,127	61,717
\$ 34,246	8,182	42,428
\$ -	-	-
-	-	-
-	-	-
11,136	-	11,136
-	7,145	7,145
-	-	-
20,877	-	20,877
2,233	1,037	3,270
\$ 34,246	8,182	42,428

Exhibit B

City of Onslow

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2012

	Special Revenue			
	General	LOST	Road Use	Total
Receipts:				
Property tax	\$ 37,461	13,766	-	51,227
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	-
Licenses and permits	105	-	-	105
Use of money and property	1,670	-	-	1,670
Intergovernmental	8,717	-	15,357	24,074
Charges for service	14,746	-	-	14,746
Miscellaneous	7,430	-	-	7,430
Total receipts	70,129	13,766	15,357	99,252
Disbursements:				
Operating:				
Public safety	10,950	-	-	10,950
Public works	37,952	-	19,799	57,751
Health and social services	150	-	-	150
Culture and recreation	3,438	-	-	3,438
Community and economic development	1,400	12,500	-	13,900
General government	30,907	-	-	30,907
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	84,797	12,500	19,799	117,096
Excess of receipts over disbursements	(14,668)	1,266	(4,442)	(17,844)
Other financing sources (uses):				
Loan Proceeds	13,500	-	-	13,500
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	13,500	-	-	13,500
Net change in cash balances	(1,168)	1,266	(4,442)	(4,344)
Cash balances beginning of year	24,278	1,252	13,060	38,590
Cash balances end of year	23,110	2,518	8,618	34,246
Cash Basis Fund Balances				
Nonexpendable	-	-	-	-
Restricted for:				
Urban Renewal purposes	-	-	-	-
Debt service	-	-	-	-
Streets	-	2,518	8,618	11,136
Other purposes	-	-	-	-
Committed	-	-	-	-
Assigned for capital purchases	20,877	-	-	20,877
Unrestricted	2,233	-	-	2,233
Total cash basis fund balances	23,110	2,518	8,618	34,246

City of Onslow

Exhibit C

City of Onslow

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2012

Total governmental funds cash balances (page 16)	\$ 34,246
The city does not have an internal service fund. Therefore there are no reconciling items.	<u>-</u>
Cash basis net assets of governmental activities (page 14)	<u>\$ 34,246</u>
Net change in cash balances (page 16)	\$ (4,344)
The city does not have an internal service fund. Therefore there are no reconciling items.	<u>-</u>
Change in cash balance of governmental activities (page 14)	<u>\$ (4,344)</u>
See notes to financial statements	

City of Onslow
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2012

	Sewer	Water	Water Deposits	Total
Operating receipts:				
Use of money and property	\$ -		-	-
Intergovernmental	-		-	-
Charges for service	13,974	21,057	400	35,431
Miscellaneous	-		-	-
Total operating receipts	13,974	21,057	400	35,431
Operating disbursements:				
Business type activities	16,387	33,989	-	50,376
Total operating disbursements	16,387	33,989	-	50,376
Excess (deficiency) of operating receipts over (under) operating disbursements	(2,413)	(12,932)	400	(14,945)
Operating transfers in (out)	-	-	-	-
Net change in cash balances	(2,413)	(12,932)	400	(14,945)
Cash balances beginning of year	1,310	15,072	6,745	23,127
Cash balances end of year	<u>\$ (1,103)</u>	<u>\$ 2,140</u>	<u>7,145</u>	<u>8,182</u>
Cash Basis Fund Balances				
Restricted	\$ -	\$ -	\$ 7,145	7,145
Unrestricted	(1,103)	2,140	-	1,037
Total cash basis fund balances	<u>\$ (1,103)</u>	<u>\$ 2,140</u>	<u>\$ 7,145</u>	<u>8,182</u>

See notes to financial statements

Exhibit E

City of Onslow

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Fund

As of and for the year ended June 30, 2012

Total enterprise funds cash balances (page 18)	\$ 8,182
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The city does not have an internal service fund.
Therefore there are no reconciling items.

-

Cash basis net assets of business type activities (page 14)	<u><u>\$ 8,182</u></u>
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Net change in cash balances (page 18)	\$ (14,945)
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The city does not have an internal service fund.
Therefore there are no reconciling items.

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Change in cash balance of business type activities (page 14)	<u><u>\$ (14,945)</u></u>
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See notes to financial statements

City of Onslow

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

The City of Onslow is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1888 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, general government services, as well as garbage services which are included in the general fund. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Onslow has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Onslow (the primary government).

An additional component unit discussed below has been omitted from the financial statements even though its operational or financial relationship with the City is significant.

Omitted Component Unit

The Onslow Smoke-Eaters has been incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa, for the purpose of educating the public on fire safety matters and to assist the Onslow Volunteer Fire Department in all matters of public safety. They also solicit and manage funds. The Onslow Smoke-Eaters was administratively dissolved by the State of Iowa in 2007 and they currently do not hold Nonprofit status. The Onslow Smoke-Eaters meet the definition of a component unit which should be blended but has declined to make its financial data available to the City. As a result, the component unit has been omitted from the financial statements.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the Jones County Solid Waste Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Due to the high risk of this audit, all individual governmental funds and all individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue - Local Option Sales Tax Fund is used to account for the proceeds of Local Option Sales Tax collections and expenditures related to the approved public referendum for this tax.

The Special Revenue – Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The City reports the following major proprietary funds:

The Sewer Utility Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Water Utility Fund accounts for the operation and maintenance of the City's water system.

The Water Deposits Fund accounts for water utility deposits.

C. Measurement Focus and Basis of Accounting

The City of Onslow maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Non Spendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the public works, general government, and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks and at June 30, 2012 were entirely covered by federal depository insurance, by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40 as of June 30, 2012.

(3) Bonds and Notes Payable

Annual debt requirements to maturity for Capital Note payable to Ohnward Bank & Trust is as follows:

Year Ending June 30,	Note	
	Principal	Interest
2013	\$ 2,598	372
2014	2,722	249
2015	2,838	133
2016	292	12
Total	\$ 8,450	766

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state

statute. The City's contributions to IPERS for the year ended June 30, 2012 was \$2,970, equal to the required contributions for each year

(5) Other Postemployment Benefits (OPEB)

The City did not have any Other Postemployment Benefits.

(6) Compensated Absences

The City does not provide any Compensated Absences.

(7) Interfund Transfers

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

There were no interfund transfers during the year ended June 30, 2012.

(8) Leases

The City has a yearly lease with Onslow Smoke-Eaters for the yearly lease of two fire vehicles. Under this lease the City maintains insurance and upkeep of the vehicles.

(9) Related Party Transactions

The City had business transactions between the City and City officials totaling \$75 during the year ended June 30, 2012.

(10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Deficit Fund Balance

The Sewer Utility Fund had a deficit balance of \$1,103 at June 30, 2012. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of CDBG funds.

(12) Contracts and Commitments

At June 30, 2012, the City had remaining contract balances totaling \$28,826 for ongoing projects. Project costs will be paid as work on the unfinished projects progresses.

On June 6, 2012 the City was been awarded a Community Development Block Grant in an amount not to exceed \$197,000 for sanitary sewer improvements. On June 11, 2012 a loan resolution was signed for \$1,027,000 from Rural Development. On June 11, 2012 a grant agreement was signed with Rural Utilities Service, Department of Agriculture for \$343,175 for the project. The total estimated cost of the sanitary sewer project is \$1,567,175.

(13) Litigation

As of the report date, the City is not subject to any pending litigation.

(14) Subsequent Event

There were no subsequent events through October 8, 2013, the date of the audit report.

City of Onslow

Other Information

City of Onslow
 Budgetary Comparison Schedule
 of Receipts, disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds Actual	Proprietary Funds Actual	Net	Budgeted Amounts		Final to Net Variance
				Original	Final	
Receipts:						
Property tax	\$ 51,227	-	51,227	37,131	38,956	12,271
Tax increment financing collections	-	-	-	-	-	-
Other city tax	-	-	-	15,825	14,000	(14,000)
Licenses and permits	105	-	105	150	150	(45)
Use of money and property	1,670	-	1,670	500	1,464	206
Intergovernmental	24,074	-	24,074	16,000	16,000	8,074
Charges for service	14,746	35,431	50,177	56,826	56,826	(6,649)
Miscellaneous	7,430	-	7,430	-	7,181	249
Total receipts	99,252	35,431	134,683	126,432	134,577	106
Disbursements:						
Public safety	10,950	-	10,950	14,071	14,071	3,121
Public works	57,751	-	57,751	31,500	54,600	(3,151)
Health and social services	150	-	150	150	150	-
Culture and recreation	3,438	-	3,438	3,411	3,598	160
Community and economic development	13,900	-	13,900	10,100	13,900	-
General government	30,907	-	30,907	22,200	26,750	(4,157)
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Business type activities	-	50,376	50,376	45,000	43,901	(6,475)
Total disbursements	117,096	50,376	167,472	126,432	156,970	(10,502)
Excess of receipts over disbursements	(17,844)	(14,945)	(32,789)	-	(22,393)	(10,396)
Other financing sources (uses), net	13,500	-	13,500	-	13,500	-
Excess of receipts and other financing sources over disbursements and other financing uses	(4,344)	(14,945)	(19,289)	-	(8,893)	(10,396)
Balances beginning of year	38,590	23,127	61,717	39,670	39,670	22,047
Balances end of year	\$ 34,246	8,182	42,428	39,670	30,777	11,651

See accompanying independent auditor's report.

City of Onslow

Notes to Other Information – Budgetary Reporting

June 30, 2012

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, the Permanent and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted revenues by \$21,645 and budgeted disbursements by \$30,538. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the public works, general government, and business type activities functions.

Supplementary Information

City of Onslow
Schedule of Indebtedness
Year ended June 30, 2012

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Ohnward Bank & Trust Loan	October 31, 2011	4.25%	13,500

See accompanying independent auditor's report

Schedule 1

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ -	13,500	5,050	8,450	171	-
\$ -	13,500	5,050	8,450	171	-

Schedule 2

City of Onslow

Note Maturities

June 30, 2012

Year Ending June 30,	Ohnward Bank & Trust	
	Loan Note	
	Issued October 31, 2011	
	Interest	
	Rates	Amount
2013	4.25%	\$ 2,224
2014		2,706
2015		3,521
2016		-
2017		-
2018		-
2019		-
2020		-
2021		-
	Total	<u>\$ 8,450</u>

See accompanying independent auditor's report

City of Onslow

Schedule of Receipts by Source and Disbursements By Function
All Governmental Funds

For the Year Ended 6/30/12

	<u>2012</u>
Receipts:	
Property tax	\$ 51,227
Other city tax	-
Licenses and permits	105
Use of money and property	1,670
Intergovernmental	24,074
Charges for service	14,746
Miscellaneous	<u>7,430</u>
Total	<u><u>\$ 99,252</u></u>
Disbursements:	
Operating:	
Public safety	\$ 10,950
Public works	57,751
Health and social services	150
Culture and recreation	3,438
Community and economic development	13,900
General government	30,907
Debt service	-
Capital projects	<u>-</u>
Total	<u><u>\$ 117,096</u></u>

See accompanying independent auditor's report

City of Onslow



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Onslow, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 8, 2013. Our report on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, expressed adverse opinions on the governmental activities and the aggregate remaining fund information due to the omission of a component unit which should be blended with the City's financial statements and we expressed unqualified opinions on the business type activities and each major fund. Except as noted in the Independent Auditor's Report, we conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of the City of Onslow is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Onslow's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Onslow's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Onslow's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Onslow's financial statements will not be

prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12, II-C-12, II-D-12, II-E-12, II-H-12, II-I-12, II-J-12, II-K-12, and II-L-12 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-12, II-F-12, and II-G-12 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Onslow's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Onslow's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit City of Onslow's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Onslow and other parties to whom City of Onslow may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Onslow during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER, & CO., P.C., CPA'S

October 8, 2013

City of Onslow
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Adverse opinions were issued on the governmental activities and the aggregate remaining fund information and unqualified opinions were issued on the business type activities and each major funds financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-12 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – The City will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-12 Preparation Financial Statements - The City of Onslow, Iowa does not employ an accounting staff with the technical expertise to prepare its financial statements (including footnotes disclosures) in conformity with accounting principles general accepted in the United States of America; therefore, it relies on its auditors to prepare such statements.

Response – The City feels that having the auditors draft the financial statements and notes is a tolerable situation. Internal financial statements are prepared monthly for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion – Response accepted.

- II-C-12 Reconciliation of Utility Billings, Collections and Delinquencies – The City of Onslow, Iowa does not prepare a reconciliation of utility billings to collections. The City also does not prepare a delinquent account listing.

Recommendation – We recommend that the city establish a system for reconciling utility billings to receipts on a monthly basis. A listing of delinquent accounts should be prepared on a monthly basis. The Council or a Council-designated independent person should monitor delinquencies.

Response – The City will consider purchasing appropriate utility billing software that allows for proper monthly reconciliation. The City will create monthly delinquent account listings and have the Mayor and/or Finance Committee review.

Conclusion – Response accepted.

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- II-D-12 Approval of Invoices – It came to our attention during the audit that the City Clerk opens the mail and writes out all checks for disbursements. The invoices are not reviewed by anyone else on a regular basis before approval by the Council.

Recommendation – The City should implement procedures so that all invoices are reviewed by at least one other person before checks are prepared.

Response – The City will consider having the Finance Committee make a point to review bills prior to the meetings.

Conclusion – Response accepted.

- II-E-12 Financial Reporting – During the audit, we identified an amount of local option sales tax misposted to the General Fund rather than the Special Revenue Local Option Sales Tax Fund. This was fixed during the audit by an adjusting journal entry that was approved by the City Clerk.

Recommendation – The City should implement procedures to ensure property tax receipts are properly recorded in the City's financial statements.

Response – The City will consider having the Finance Committee review monthly transactions for each fund.

Conclusion – Response accepted.

- II-F-12 Credit Cards – The City has several Visa cards for use by various employees while on City business. It was brought to our attention during the audit the designated Fire Department card does not have specific authorized users on the card. Also currently this credit card statement is not being mailed to City Hall. The City has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of charges.

Recommendation – The City should adopt a formal written policy regulating the use of City credit cards. The policy, at a minimum, should address who is authorized to use card and for what purposes, as well as the types of supporting documentation required to substantiate charges. The City should also have all statements mailed to City Hall.

Response – The City will consider this.

Conclusion – Response accepted.

- II-G-12 Vehicle Usage Policy – The City does not maintain a formal policy regarding the use of City owned vehicles by employees.

Recommendation – The City should adopt a formal policy regarding vehicle usage.

Response – The City will consider adopting a policy.

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Conclusion – Response accepted.

- II-H-12 Employee Hours/Timesheets – Currently there are no timesheets submitted by Employees.

Recommendation – Timesheets are required by all employees. We recommend that the supervisor, or a City Official who might have cause to know whether the employee did or not work those hours sign off on the timesheets as approval prior to paying payroll.

Response – The City will have Personnel Committee and/or Mayor review and sign end of month timesheets. The City will mandate that all employees comply with timesheet submittal.

Conclusion – Response accepted.

- II-I-12 Water & Sewer Meters – During the audit it came to our attention that a majority of the City's water and sewer meters were located inside citizens' residences and the City relied on the residents to accurately and honorably report monthly meter readings.

Recommendation – To ensure proper usage is being reported and revenue collected, the City should strengthen controls over meter reading and reporting. The meters should be in a location where City employees have physical access to read and report monthly usage or the meters can be read electronically from a remote location.

Response – The City acknowledges that the upcoming sewer project has radio read meter installation and utility billing software written into the project.

Conclusion – Response accepted.

- II-J-12 Late Fees – During the audit it was brought to our attention that the utility billing software inconsistently charges late fees on utility billings.

Recommendation – We recommend consulting the software company to diagnose the problem in the late fees and how to resolve the issue or to receive training/guidance on why this is occurring.

Response – The City acknowledges that the upcoming sewer project has new utility billing software included, and the Clerk will seek proper training on the system.

Conclusion – Response accepted.

- II-K-12 Payroll Calculations – Currently there is no documentation retained on the calculation of payroll gross wages or payroll deductions

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation – We recommend retaining for each payroll the properly approved timesheet and a calculation of gross wages and payroll deductions.

Response – The City will consider purchasing accounting software to eliminate by-hand calculations.

Conclusion – Response accepted.

- II-L-12 Check issuances – During the audit it was brought to our attention that there are times checks will be signed before being fully filled out. It was also noted majority of the check are dated the first of the month.

Recommendation – Checks should not be signed without being properly filled out and approved by Council. All checks should be dated the actual date of issuance, not the first.

Response – The City will change check dates to reflect the date the council approved the bills.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Onslow
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Part III: Other Findings Related to Statutory Reporting:

- III-A-12 Certified Budget – Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation. Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the public works, general government, and business type activities functions. In addition, amounts exceeded amounts budgeted before amendment in the community and economic development and public works functions. Also, the amended budget original budget column did not equal the original certified budget.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget. The amended budget original budget column should equal the original budget.

Response – The budget will be amended before disbursements are allowed to exceed it in the future, if applicable and the amended budget column for original budget will equal the originally certified budget.

Conclusion – Response accepted.

- III-B-12 Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted.

The City is required to submit quarterly reports to Iowa Workforce Development and for Iowa State Withholding tax. The City is also required to submit monthly IPERS reports. The City incurred \$79 in late charges for submitting late reports to these agencies.

According to the Attorney General's opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between proper and an improper purpose is very thin.

Recommendation – The City should submit timely reports for Iowa Workforce Development, State Withholding, and IPERS.

Response – The City will submit monthly and quarterly reports on a timely basis. The City will also consider electronic payment of said reports to eliminate mail time.

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Conclusion – Response accepted.

III-C-12 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-12 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
---	----------------------------	--------

Cory Oberbreckling, City Maintenance

Service Work

\$ 75

In accordance with Chapter 362.5(11) of the Code of Iowa, the transaction does not appear to represent a conflict of interest since the amount is for less than \$2,500 each.

III-E-12 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-12 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-12 Deposits, Investments, and Checks – Per the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa, the City is required to have an approved written investment policy

Recommendation – The City should approve a formal investment.

Response – The City will look into creating and implementing an investment policy.

Conclusion – Response accepted.

III-H-12 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted. As the City did not have any.

III-I-12 Financial Condition – The Sewer Utility Fund had a deficit balance of \$1,103 at June 30, 2012.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – The City acknowledges that sewer rates have been raised to offset utility deficit operations. The City will consider reviewing utility rates on a yearly basis and implementing a rate change plan.

City of Onslow

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Conclusion – Response accepted.

- III-J-12 Bank Reconciliations – The City did not prepare monthly bank reconciliations or an outstanding check list for any months during the year.

Recommendation – The City should prepare monthly bank reconciliations and outstanding check listings and the reconciliations should be reviewed by an independent person. The review should be documented by the signature or initials of the independent reviewer and the date of review.

Response – The City will consider completing a standard bank reconciliation and outstanding check form each month.

Conclusion – Response accepted.

- III-K-12 Annual Financial Report (AFR) – The City completed and filed its AFR by December 1 as required by Chapter 384.22 of the Code of Iowa, however the report did not tie into the Clerks Report.

Recommendation – The Annual Financial Report should tie into the Clerks Report. The City should contact the State on any actions necessary.

Response – The City has filed a revised Annual Financial Report with the State Auditor's Office with the information from the Clerk's Report and Budget Report.

Conclusion – Response Accepted.

- III-L-12 Road Use Tax Report – The City's Road Use Tax Report did not tie into the City's Clerks Report or financial information.

Recommendation – The Road Use Tax Report should correspond with the City books. The City should contact the State department on any actions necessary.

Response – The City consulted with the State Department of Transportation and an adjustment was entered on the FY13 RUT to reflect the correct balance from the Clerk's Report and was filed with the DOT.

Conclusion – Response accepted.

City of Onslow

Staff

This audit was performed by:

Dana Elliott, CPA, Manager
Brent Waters, Staff